GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1099
ANSWERED ON:24.11.2000
COST OF PRODUCTION OF TEA
SRIKANTA DATTA NARASIMHARAJA WADIYAR

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the cost of production of tea has increased;

(b) if so, the details thereof and the reasons therefor;

(c) whether the tea industry Southern region has been facing a serious threat due to sharp increase the cost of production; and

(d) if so, the steps taken to extend necessary assistance to the planters in Southern region to reduce the cost of production and prevent the adverse impact on the economy of the planters?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI OMAR ABDULLAH)

(a) & (b) : Yes Sir. The cost of production of tea has increased by 4.25 per kg during the current year over 1999 due to various factors such as increase in labour wages, increase in indirect labour cost in the form of subsidised food grains to workers, partial withdrawal of fertilizer subsidy, increase in the cost of furnace oil, electricity, fuel, etc.

(c) & (d) Tea Industry in Southern Region has been facing problem due to unremunerative price realisation for tea at the auction centres. In order to arrest the decline in prices Tea Bord under this Ministry has taken the following steps:-

- A scheme is being implemented from 1.5.2000 wherein subsidy is provided to the small growers of tea (holding upto 10.12 hectares of tea plantation) for an amount equal to the shortfall between the auction price and Rs.55 per kg. The extent of such subsidy is limited to a maximum of Rs. 8 per kg. of tea.
- A Quality Upgradation Programme has been launched by the Tea Board in the Nilgris district of Tamil Nadu for improving quality of tea manufactured by small growers.
- Basic customs duty on import of duty has been increased from 15% to 35%
- Sale of tea I the Domestic Tariff Area by 100% Export Oriented Unites (EOUs) and units in Export Processig Zones (EPZs) has been banned.